COMPANY RESULTS

Mr D.I.Y. Group (MRDIY MK)

2Q25: Within Expectations Despite Sharp SSSG Contraction

SSSG declined sharply for the quarter following a mismatch in timing of spending tied to Hari Raya festivities. Meanwhile, margins held up despite the full minimum wage impact causing earnings to fall within expectations. Maintain BUY with a higher target price of RM2.05 as we roll over our valuations. We continue to like Mr. DIY for being a large cap offering decent earnings growth, palatable valuations and decent dividend yields.

2Q25 RESULTS

Year to 31 Dec (RMm)	2Q25	qoq % chg	yoy % chg	1H25	yoy % chg	Comments
Revenue	**1214.2**	**-3.4**	**1.5**	**2471.4**	**5.6**	Top-line lifted by 12.1% higher store count but was largely offset by softer revenue per store of -9.9% (SSSG: -7.2%).
GP	579.5	-3.6	6.4	1180.7	10.6	
EBITDA	316.8	-6.3	3.4	654.8	9.6	
PBT	212.0	-9.4	2.0	446.1	10.7	
Core Profit	**158.6**	**-8.9**	**2.2**	**332.7**	**10.9**	Within expectations.
Store count	1509	2.6	12.6			
Revenue per store	805	-5.9	-9.9			
Margins	**(%)**	**qoq ppt chg**	**yoy ppt chg**	**(%)**	**yoy ppt chg**	
Gross Profit	47.7	-0.1	2.2	47.8	2.1	
EBITDA	26.1	-0.8	0.5	26.5	0.9	Margins holding up despite full minimum wage impact kicking in.
Eff. tax rate	-25.2	0.4	0.1	-25.4	0.1	
Core Profit	13.1	-0.8	0.1	13.5	0.6	

Source: Mr. DIY, UOB Kay Hian

RESULTS

- **Within expectations.** Mr D.I.Y. Group (Mr. DIY) posted a 2Q25 core net profit of RM158.6m (-8.9% qoq, 2.2% yoy), which brought 1H25 core profit to RM332.7m (+10.9% yoy). It is within expectations at 54% and 52% of our and consensus full-year earnings forecasts respectively. An interim DPS of 1.5 sen was declared, bringing 1H25 DPS to 2.9 (1H24: 2.2 sen), It represents a payout of 83% vs our 2025 payout assumption of 85%. Highlights included: a) sharp SSSG contraction is attributed to the mismatch in timing of Hari Raya spending, and b) margins largely holding up despite the full minimum wage impact.

KEY FINANCIALS

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	4,359	4,651	4,912	5,193	5,423
EBITDA	1,089	1,122	1,309	1,383	1,490
Operating profit	790	793	858	890	960
Net profit (rep./act.)	561	569	625	643	688
Net profit (adj.)	561	569	625	643	688
EPS (sen)	5.9	6.0	6.6	6.8	7.3
PE (x)	26.9	26.5	24.1	23.5	21.9
P/B (x)	8.6	7.8	7.4	7.1	6.8
EV/EBITDA (x)	13.8	13.4	11.5	10.8	10.1
Dividend yield (%)	2.0	3.1	3.5	3.6	3.9
Net margin (%)	12.9	12.2	12.7	12.4	12.7
Net debt/(cash) to equity (%)	(1.7)	(7.1)	(7.9)	(13.5)	(19.1)
Interest cover (x)	15.4	14.3	15.6	14.4	13.6
ROE (%)	35.3	30.9	31.5	30.9	31.6
Consensus net profit	-	-	639.3	694.5	734.0
UOBKH/Consensus (x)	-	-	0.98	0.93	0.95

Source: Mr. DIY, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM1.60
Target Price	RM2.05
Upside	28.1%
(Previous TP	RM1.95)

COMPANY DESCRIPTION

Homegrown Mr D.I.Y. is the largest home improvement retailer in Malaysia, with more than 40% of the home improvement market share and growing. It also operates in Brunei and is involved in toy and dollar concept stores.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	MRDIY MK
Shariah Compliant:	Yes
Shares issued (m):	9,471.9
Market cap (RMm):	15,155.1
Market cap (US$m):	3,579.8
3-mth avg daily t'over (US$m):	3.6

Price Performance (%)

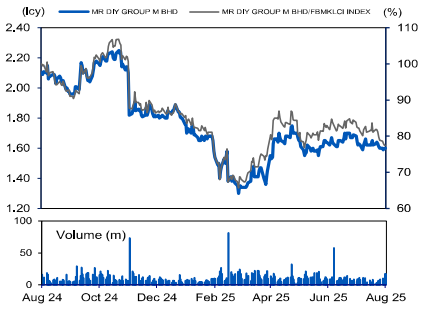
52-week high/low RM2.26/RM1.28

1mth	3mth	6mth	1yr	YTD
(5.3)	(5.9)	(4.8)	(23.4)	(13.5)

Major Shareholders	%
Tan Yu Yeh	50.1
EPF	8.7
Hyptis	4.9

FY25 NAV/Share (RM)	0.22
FY25 Net Cash/Share (RM)	0.01

PRICE CHART



Source: Bloomberg

ANALYST(S)

Philip Wong
+603 2147 1996
philipwong@uobkayhian.com

- **Sharp SSSG contraction with Hari Raya timing mismatch.** 2Q25 revenue was flattish yoy at 1.5% (-3.4% qoq). The increased store count (+13.3%), or 169 net new stores to 1,509 stores, was largely offset by same-store sales growth (SSSG) contracting 7.2% yoy. The SSSG decline was partly due to the absence of Hari Raya-related spending this quarter, unlike in 2Q24, with management estimating that about half of the drop was timing-related. Management is cautiously optimistic on SSSG improving in 2H25, especially since 4Q24 SSSG was especially weak.

- **Favourable forex cushions minimum wage impact.** 2Q25 gross margin improved by 2.2ppt yoy to 47.7% (largely unchanged qoq) as the purchase of COGS was benefitted by favourable forex rates. Despite the full impact of the minimum wage during the quarter, operating margins remained firmer, growing 0.5ppt yoy to 26.1% (-0.8% qoq) thanks to the gains in gross margins. Following higher depreciation costs related to its store rollout, PAT margin gains moderated 0.1ppt yoy to 13.1%. Margins are expected to remain largely stable for the rest of the year, with only minimal impact expected from the implementation of SST on leases and higher electricity tariffs.

STOCK IMPACT

- **Beyond the basics with KKV and its sub-brands.** We have pencilled in an expansion of 180 new stores for 2025, including 20 KKV and 10 The Colorist stores, following the recent acquisition of the KKV brand, which has shown promising early results. KKV has recently added a new sub-brand, X11, a lifestyle toy store, with its first overseas outlet launched in Malaysia. Overall, KKV and its sub-brands could contribute close to 2-3% of 2025's earnings.

- **Minimal direct beneficiary from cash handout.** The government has announced a one-off RM100 cash handout to all adults in conjunction with Independence Day, amounting to RM2b in total. This handout can be spent at over 4,100 participating supermarkets and grocery outlets for basic necessities. Only 20 Mr. DIY stores are participating in the scheme. Though the effects are minimal, MR D.I.Y. could still experience an indirect uplift in sales from spillover effects, as increased overall consumer spending may benefit Mr. DIY's non-participating outlets as well.

EARNINGS REVISION/RISK

- **No change to earnings.** Key downside risks are a sharp weakening of the ringgit against the renminbi, and trade restrictions by China.

VALUATION/RECOMMENDATION

- **Maintain BUY but with a higher target price of RM2.05 (from RM1.95)** as we roll over our valuations to 2026. Mr. DIY offers a three-year profit CAGR of 7.5%, which is relatively attractive for a large-cap retailer. Furthermore, against a backdrop of its valuations trading below its historical mean, we believe Mr. DIY's reward-to-risk payoff is still appealing. Our PE peg is 30x or based on its historical -0.5SD of its mean PE to 2026 earnings. While Mr. DIY offers decent growth, overall industry sentiment appears subdued, which has led to a discount relative to its historical valuations.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

- **Environmental**
  - **Energy management.** Mr. DIY targets to increase renewable energy sources by 30% from base year 2021 for its warehouses.
  - **Emission.** By 2030, Mr. DIY aims to reduce Scope 1 and 2 emissions by 20% and 30% respectively from base year 2021.
- **Social**
  - **Diversity & inclusion.** Among its workforce, 57% are male, while 43% are female. Mr. DIY also employs 26 less-abled and four Orang Asli employees.
- **Governance**
  - **Board gender diversity.** Male to female ratio of 4:2.
  - **Board balance and composition.** Three board members are independent directors, equivalent to 50% of the board members.

KEY ASSUMPTIONS

	2025F	2026F	2027F
Revenue (RMm)	**4912**	**5193**	**5423**
Growth yoy (%)	5.6%	5.7%	4.4%
Avg store count for the year	**1524**	**1714**	**1904**
Net store addition	**190**	**190**	**190**
Growth yoy (%)	13.6%	12.5%	11.1%
Revenue per store (in '000)	**3223**	**3030**	**2848**
Growth yoy (%)	-7.0%	-6.0%	-6.0%

Source: UOB Kay Hian

PE BAND

Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**4,651.4**	**4,912.5**	**5,193.4**	**5,423.0**
EBITDA	1,122.4	1,308.8	1,382.8	1,489.6
Deprec. & amort.	329.5	450.9	493.0	529.3
EBIT	792.9	857.9	889.9	960.3
Total other non-operating income	42.6	45.0	47.6	49.7
Associate contributions	6.4	17.8	18.5	20.0
Net interest income/(expense)	(78.7)	(83.9)	(95.9)	(109.3)
Pre-tax profit	**763.1**	**836.8**	**860.0**	**920.6**
Tax	(194.2)	(211.7)	(217.3)	(232.4)
Minorities	0.0	0.0	0.0	0.0
Net profit	**568.9**	**625.2**	**642.7**	**688.2**
Net profit (adj.)	568.9	625.2	642.7	688.2

BALANCE SHEET

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	881.7	986.4	1,005.1	1,024.9
Other LT assets	1,405.4	1,522.8	1,674.1	1,845.7
Cash/ST investment	276.0	250.5	326.8	438.0
Other current assets	1,238.9	1,301.8	1,375.8	1,436.2
Total assets	**3,802.0**	**4,061.5**	**4,381.8**	**4,744.8**
ST debt	128.2	78.2	28.2	0.2
Other current liabilities	507.1	467.5	512.9	558.5
LT debt	10.9	10.9	10.9	10.9
Other LT liabilities	1,218.2	1,473.7	1,702.5	1,945.1
Shareholders' equity	1,937.5	2,031.2	2,127.3	2,230.1
Total liabilities & equity	**3,802.0**	**4,061.5**	**4,381.8**	**4,744.8**

CASH FLOW

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**932.5**	**1,092.4**	**1,189.6**	**1,295.0**
Pre-tax profit	763.1	836.8	860.0	920.6
Tax	(194.2)	(211.7)	(217.3)	(232.4)
Deprec. & amort.	329.5	450.9	493.0	529.3
Associates	(6.4)	(17.8)	(18.5)	(20.0)
Working capital changes	(69.6)	(89.2)	(63.0)	(51.5)
Other operating cashflows	110.1	123.4	135.4	148.8
Investing	**(166.1)**	**(236.0)**	**(167.0)**	**(167.0)**
Capex (growth)	(144.1)	(236.0)	(167.0)	(167.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(22.0)	0.0	0.0	0.0
Financing	**(720.6)**	**(881.9)**	**(946.3)**	**(1,016.8)**
Dividend payments	(397.0)	(530.5)	(544.6)	(582.5)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(62.0)	0.0	0.0	0.0
Others/interest paid	(261.6)	(351.3)	(401.7)	(434.3)
Net cash inflow (outflow)	**45.8**	**(25.4)**	**76.3**	**111.2**
Beginning cash & cash equivalent	**232.3**	**276.0**	**250.5**	**326.8**
Changes due to forex impact	(2.2)	0.0	0.0	0.0
Ending cash & cash equivalent	**276.0**	**250.5**	**326.8**	**438.0**

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	24.1	26.6	26.6	27.5
Pre-tax margin	16.4	17.0	16.6	17.0
Net margin	12.2	12.7	12.4	12.7
ROA	15.5	15.9	15.2	15.1
ROE	30.9	31.5	30.9	31.6
Growth				
Turnover	6.7	5.6	5.7	4.4
EBITDA	3.1	16.6	5.7	7.7
Pre-tax profit	1.3	9.7	2.8	7.0
Net profit	1.5	9.9	2.8	7.1
Net profit (adj.)	1.5	9.9	2.8	7.1
EPS	1.5	9.9	2.8	7.1
Leverage				
Debt to total capital	6.7	4.2	1.8	0.5
Debt to equity	7.2	4.4	1.8	0.5
Net debt/(cash) to equity	(7.1)	(7.9)	(13.5)	(19.1)
Interest cover (x)	14.3	15.6	14.4	13.6

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

http://research.uobkayhian.com

RCB Regn. No. 197000447W